

Novatia Note 022: How to set your MAT's ICT Budget

Key Points

1. Know your spend limits
2. Determine who pays for what
3. Prove the capital spend case
4. Create a contingency pot
5. Remember rolling refresh costs
6. Don't overlook 'forgotten' project costs
7. Beware of false economies
8. Assess ongoing ICT Team costs

This Novatia Note is to help Multi-Academy Trust (MAT) and School Leaders understand what might needs to go into their ICT Budget.

It covers:

- How to go about setting the budget
- Costs that often get forgotten
- Project spend that often gets forgotten
- False economies
- The hidden ICT Team costs.

1. Know your spend limits

Your ICT Director needs to know how much money they have to spend and this has to come from the Finance Director.

While this may sound obvious, we have met ICT Directors whose budget is not clearly set – making it hard for them to plan and be sure that their ICT Strategy will be effective.

Solution:

Make sure the Finance Director / Chief Finance Officer (CFO) gives the ICT Director a clear spend limit. This needs to be split between:

- Capital (one off spend)
- Regular Expenditure (rolling budget).

2. Determine who pays for what

The Finance Director also needs to set the parameters around what is ICT spend and what is Department Spend.

For example, if the Science Department wants licences for Science Apps is that from their budget or the ICT Budget?

It's the CFO's job to provide this clarity upfront. There need to be clear guidelines in place stating what the ICT Budget does and doesn't cover – and all Heads of and School Leaders need to be aware of these guidelines.

3. Prove the Capital spend case

Most ICT Directors should know what their Regular Expenditure is – what they need to spend each year to keep running ICT. This is a figure that the Finance Director should be aware of and putting into their budget plans.

However, the Capital figure for one off spend is normally subject to negotiation. Therefore, your ICT Director will be making the case for it to the CFO.

If the ICT Director has already developed the ICT Strategy, informed by research with heads of schools and heads of departments, they can make a powerful business case for what Capital Spend is needed e.g. the Art Department needs new Apple Macs this year and here's why.

The ICT Director will often be negotiating for this capital spend 'competing' against other Directors who are also 'proving' their capital spend requirements. Considered business cases are incredibly useful to help the Finance Director make a decision.

4. Create a contingency pot

Once Capital Spend has been agreed, your ICT Director may choose to create a contingency pot. This can often be done by purchasing Capital spend requirements at good discounts. If the ICT Director spends under the allocated budget the unused spend can be that year's ICT contingency pot.

The way to make this happen is to negotiate.

Our consultants run procurement exercises for Capital Projects and negotiate effectively with suppliers. The stronger your ICT Strategy, the more effectively you can negotiate.

For example, [one of our clients'](#) ICT Strategies was to move to Trust-wide procurement.

We leveraged this with potential suppliers, negotiating along the lines of 'You could supply this ICT service for all our schools over a number of years'.

This approach has allowed them to realise significant cost savings over three years.

5. Remember the rolling refresh costs

Your ICT Director needs to know what all of the refresh rates are and ensure they have the budget for them.

For example, if it hasn't recorded that the front line PCs are three years' old and have been ear-marked for a refresh every four years, when you hit year 4, there's an expectation and need that these dying PCs will be replaced - but no budget had been allocated.

There's also other recurring annual spend that can get missed as part of this, 'rolling refresh' budget line.

For example:

- Maintenance contracts
- Licenses

Your ICT Director must know if the IT licences and maintenance contracts are upfront, annual, or every two or three years. When they don't know, then they may have to renew for a year to 'tide us over' while they investigate other options. This can be costly.

6. The Project spend that gets forgotten

The complete cost of an ICT infrastructure project can surprise even experienced ICT Directors. There are two typical 'forgotten' ICT Project costs:

- Infrastructure needing upgrading
- Purchasing additional licences.

For example, you may be rolling out a new suite of PCs but no-one has considered if the infrastructure needs upgrading. It turns out you need to upgrade a switch or the cables urgently. Because it's 'urgent' you aren't in a position to negotiate effectively with suppliers.

Or perhaps you have moved from 20 to 30 devices and need to buy an additional 10 licences. This additional licence cost wasn't in the Project Plan and therefore, the cost hasn't been allocated.

When we're involved with ICT Projects, we make detailed plans and drawings that show what connects where and what is needed at each point – and we remember to question about licences.

7. False Economies

A common false economy is to tie yourself up to a contract for five years and not realise that in some cases it's not worth it. Your ICT Director has to judge whether what they're purchasing will actually come down in price over the next five years.

It could be a bargain price for that new tech in Year 1 but as competitors come into the market or the tech ages, by Year 3 you're paying the going rate and by Years 4 and 5 you're paying far too much. Before signing up to five year contracts, your ICT Director should have done their research and be able to justify that this will still be a good deal in Years 4 and 5.

Another 'false economy' is not signing up or putting in place support packages for all elements of ICT. Schools and MATs might not think they need it but then if they get a really bad problem you have to get someone in quickly to fix it.

Your ICT Director needs to either have contingency for this or talk to the CFO to see if they have some. In our experience, most CFOs prefer to have a package with built in support paying out regularly rather than the unexpected need for a large cash injection when the worst happens.

8. Teams

Most ICT teams are always busy, so if they need to deal with a problem or deliver a project, your ICT Director must have considered who will do it and at what cost.

The most common options and their budget considerations are:

- Is it cheaper to outsource?
- If you don't give your IT Managers the 'juicy' projects, how will you develop them and hold their interest?
- If you want to give them good projects or problems to solve, have you invested in the skills for them to be able to do what's needed?
- If you are using your ICT Managers for problems or projects, are the ICT Technicians able to temporarily 'step up'?

Another key ICT Team cost is training. How can your ICT Director keep the ICT Team's skills and knowledge up to date without a huge training budget or lots of time off work?

Even worse, what is the potential cost of having to undo mistakes made by untrained staff or losing good IT Team members because they feel they aren't being developed?

If training budget is tight, a good cost-effective compromise is online training for ICT staff but give them some time working from home to do it.

Novatia are experts at ICT in UK Education. If you have any questions about setting your school or MAT's budget please do get in touch. We offer a FREE initial consultation and would be happy to discuss any of your organisation's Education ICT issues.